

Message Text

CONFIDENTIAL

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ACTION EA-09

INFO OCT-01 NEA-10 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-08 FPC-01 H-01 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /107 W

-----221020Z 036323 /13

R 220915Z MAR 77

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 2922

INFO AMEMBASSY JIDDA

AMCONSUL HONG KONG

USLO PEKING

C O N F I D E N T I A L TAIPEI 1577

E.O. 11652: GDS

TAGS: ENRG, TW, BENC, ECRE, SA

SUBJECT: SAG OFFERS AL-BAHA POWER PROJECT TO REPUBLIC OF CHINA

REF: (A) JIDDA 2047, (B) JIDDA 1710

1. ON 21 MARCH 1977, DAVID S. L. CHU, PRESIDENT OF REPUBLIC OF CHINA (ROC) TAIWAN POWER COMPANY (TAIPOWER), ADVISED EMBOFF THAT THE SAUDI ARABIA GOVERNMENT (SAG) HAD OFFERED TAIPOWER THE AL-BAHA RURAL ELECTRIFICATION PROJECT DURING THE RECENT VISIT OF SAG MINISTER OF INDUSTRY AND ELECTRICITY, DR. CHAZI AL-GUSAIBI, TO THE ROC. THIS PROJECT IS THE LARGEST OF FOUR CURRENTLY BEING OFFERED THIRD-WORLD NATIONS BY SAG, AND INVOLVES US\$150,000,000. ACTING ON INSTRUCTIONS FROM Y. S. SUN, ROC MINISTER OF ECONOMIC AFFAIRS, TAIPOWER HAS "ACCEPTED THE OFFER IN PRINCIPLE" AND HAS DISPATCHED A TEAM OF EXPERTS TO THE MIDDLE EAST.

2. ON 17 MARCH 1977, A 12-MAN TEAM OF ENGINEERS LED BY TAIPOWER VICE-PRESIDENTS PAUL CHIEN AND JACKSON YANG, DEPARTED FOR SAUDI ARABIA WHERE THEY ARE CURRENTLY
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DOING SITE SURVEY AND PROJECT INVESTIGATION WORK. THE PROJECT WILL INCLUDE THE CONSTRUCTION OF A SIX-UNIT 50 MWE DIESEL POWER GENERATION PLANT; 100 KM OF 132 KV TRANSMISSION LINES (THAT WILL BEGIN OPERATION AT 33 KV); 800 KM OF 13 KV DISTRIBUTION LINES; AND VARIOUS SUPPORTING STRUCTURES AND FACILITIES. SINCE TAIPOWER DOES NOT HAVE THE CAPABILITY TO BUILD DIESEL ENGINES AND HIGH VOLTAGE

SWITCH GEAR, THEY PLAN TO PURCHASE THESE FROM OVERSEAS VENDORS AND ONLY SUPERVISE THEIR INSTALLATION. OTHER TYPES OF EQUIPMENT WILL BE CONTRACTED TO LOCAL ROC INDUSTRIES AS APPROPRIATE. IN THE EVENT THE PROJECT IS FINALIZED, TAIPOWER WILL SET UP A SUBORDINATE CORPORATE ENTITY FOR OVERSEAS OPERATIONS HEADED BY PAUL CHIEN. THIS ORGANIZATION WILL COORDINATE ALL ASPECTS OF THE PROJECT, TO INCLUDE THE ASSIGNMENT OF FIELD INSPECTION AND SUPERVISORY PERSONNEL WHO WILL BE LOCATED ON SITE IN SAUDI ARABIA. THE TOTAL NUMBERS OF THESE PERSONNEL ARE NOT YET KNOWN.

3. ORIGINAL PLANS FOR THE AL-BAHA PROJECT WERE DRAWN UP BY A BRITISH FIRM AND INVOLVED CERTAIN STANDARDS SPECIFICATIONS UNFAMILIAR TO TAIPOWER ENGINEERS. SAG HAS ALREADY AGREED IN PRINCIPLE TO TAIPOWER'S REQUEST THAT THESE SPECIFICATIONS BE CHANGED TO U.S. STANDARDS, WHICH ARE MORE FAMILIAR AND MAY RESULT IN A SAVING OF MONEY. CHIEN AND HIS TEAM EXPECTS TO BE IN SAUDI ARABIA FOR TWO WEEKS, WHERE THEY WILL DEAL WITH THE MINISTRY OF INDUSTRY AND ELECTRICITY AS WELL AS THE SAG UTILITY "ELECTRICO". CHIEN IS AUTHORIZED TO FINALIZE THE FIRST STAGE OF THE AGREEMENT, AFTER WHICH HE AND THE TEAM WILL RETURN TO THE ROC FOR FINAL PREPARATION OF AN "OFFER BACK" TO SAG. SHOULD SAG ACCEPT THIS OFFER, THE AGREEMENT WILL BE FINALIZED AND WORK WILL COMMENCE. THE EXACT TIMING FOR THIS PROCEDURE IS NOT YET KNOWN, BUT WILL PROBABLY TAKE SEVERAL MONTHS.

4. COMMENT: CHU COMMENTED THAT TAIPOWER DID NOT EXPECT
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TO MAKE MONEY ON THIS PROJECT; NONETHELESS, IT WAS IN THE INTEREST OF THE GROC TO OBTAIN THE SAG CONTRACT. THE IMPLICATION WAS THAT POLITICAL CONSIDERATIONS WERE FOREMOST IN THE ROC DECISION TO ORDER TAIPOWER TO FOLLOW-UP ON THE AWARD.
UNGER

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 22-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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